

Department of Natural Resources and Conservation
House Bill 2
Natural Resources and Transportation Subcommittee

EXHIBIT 3

DATE 01/30/2013

HB Joint Appropriations Subcommittee
Natural Resources and Transportation

Fund Balance Report 2013-2015 State Special Revenue Funds						
FUND NUMBER	FUND NAME	2013	2015		PROJECTED FUND BALANCE	DNRC PORTION OF BUDGET REQUEST
		PROJECTED FUND BALANCE	BUDGET REQUEST*	REVENUE EST.		
02010	OIL & GAS DAMAGE MITIGATION	\$ 274,182	\$ 200,000	\$ 152,000	\$ 226,182	\$ 200,000
02015	TSEP REGIONAL WATER SYSTEM	(5,918,521)	1,348,998	7,095,000	(172,519)	1,348,998
02031	LAND BANKING-PVT CLOSNG COSTS	8,373	431,772	432,000	8,601	431,772
02039	FORESTRY-FIRE PROTECTION TAXES	259,559	6,999,397	7,210,000	470,162	6,999,397
02052	RANGELAND IMPROVEMENT LOANS	960,325	1,052,406	31,000	(61,081)	1,052,406
02073	FORESTRY - SLASH DISPOSAL	59,104	142,699	145,000	61,405	142,699
02145	BROADWATER O & M	162,215	1,026,078	1,000,700	136,837	1,026,078
02316	SRF STATE MATCH ADMIN	2,203	53,478	50,000	(1,275)	53,478
02340*	COAL SEV. TAX SHARED SSR	1,662,018	6,414,944	7,300,000	2,547,074	4,419,763
02351	WATER PROJECT LANDS LEASE ACCT	182,198	19,834	100,200	262,564	19,834
02404	WATER PROJECT LOANS	379,676	616,410	540,000	303,266	616,410
02430	WATER RIGHT APPROPRIATION	474,899	1,042,010	1,400,000	832,889	1,042,010
02431*	WATER ADJUDICATION	9,207,109	6,608,319	95,000	2,693,790	4,441,947
02432	OIL & GAS ERA	725,553	4,018,135	4,611,500	1,318,918	4,018,135
02433	GRAZING DISTRICT FEES	14,953	48,652	45,000	11,301	48,652
02449	FOREST RESOURCES-FOREST IMPROV	1,766,128	2,245,305	3,307,000	2,827,823	2,245,305
02470	STATE PROJECT HYDRO EARNINGS	(64,095)	3,607,837	5,000,000	1,328,068	3,607,837
02490	DRINKING WATER INVESTMENT	651,072	400,000	600,200	851,272	400,000
02576*	NATURAL RESOURCES OPERATION	849,204	9,131,889	7,240,001	(1,042,684)	2,041,940
02623	CONTRACT TIMBER HARVESTING	(20,975)	802,056	823,031	-	802,056
02681	HISTORIC RIGHT OF WAY ACCOUNT	2,775	24,778	22,003	-	24,778
02694	COAL BED METHANE PROTECTION	1,841,340	1,510,000	9,500	340,840	1,510,000
02825	WATER WELL CONTRACTORS	70,977	174,375	140,500	37,102	174,375
02912	TLMD LAND EXCHANGE ADMIN	1,123	100,000	100,000	1,123	100,000
02938*	TLMD TRUST ADMINISTRATION	592,344	22,740,737	22,507,200	358,807	22,496,968
02971	SRF GO BOND	1,000,000	9,000,000	9,000,000	1,000,000	9,000,000
* Blue Highlight Designates Funds used by multiple state agencies.						
Pink Highlight Designates Fund with Language Appropriations & Loan Payable						

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Background on DP35012:
"Zook" Funding Spending Authority

Proposed DP: Increase annual Zook spending authority from \$250,000 to \$300,000.

Summary: This spending authority was established in the 1997 Montana Legislative session as a budget amendment for DNRC Fire Program by Sen. Tom Zook of Miles City. That amendment was approved by the subcommittee, and was incorporated into the DNRC budget. At that time, funding within the DNRC budget for the county cooperative fire program was minimal, and Sen. Zook wanted to increase funding without a direct general fund allocation.

- Intent was to provide up to \$250,000 of annual spending authority of funds generated by the reimbursement of costs of DNRC equipment used on federal or other state fires.
- The funds may be expended only if generated during the previous fire season.
- Use of the funds was intended to maintain and replace the older county coop equipment, and provide a source of funds to use for training and other equipment/supplies in support of counties in the program.
- Remaining funds are to be deposited in the state general fund, which is now directed to the fire suppression fund.
- These funds are reported and tracked separately in the SABHRS system.
- Any unused portion of this spending authority must be requested of and granted by the legislature each biennium.
- Recent uses of these funds include: replacement, repair & maintenance of DNRC county coop engines, pumps, hand tools, safety equipment, field kitchens, radios, training materials and support of training for county firefighters.

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FY13 Zook Allocation

Eastern Land Office

CAT Camp training & meeting	\$ 8,000	
Shop Truck	12,000	
Coop Supplies	10,000	
Coop Engine maintenance	5,000	
Federal Indirects Assessment	2,954	
Subtotal		\$ 37,954

Southern Land Office

Communications	\$ 12,000	
CAT support (training & meeting)	8,000	
Kitchen R&M	1,500	
County Training	3,750	
Coop engine R&M	1,500	
Coop Firefighter supplies	5,000	
Federal Indirects Assessment	2,680	
Subtotal		\$ 34,430

Northeastern Land Office

CAT camp & meeting	\$ 8,000	
CAT equipment R&M	7,000	
CAT Plans trailer rental	2,000	
Equipment inspection R&M	4,000	
Cache equipmnet R&M	2,500	
Fuel & per diem engine delivery	1,500	
Training	3,000	
County instructor per diem	3,000	
Portable fuel supply tank	2,500	
Coop engine supplies	10,000	
Engine & truck visibilty lights	4,000	
Federal Indirects Assessment	4,009	
Subtotal		\$ 51,509

Central Land Office

DNR 1650 refrigeration unit replaced	\$ 15,000	
DNR 2009 Pantry truck R&M	1,500	
County Coop complements	5,000	
DNR 1087 tires	1,400	
BB4 pump rebuilds	1,500	
Oven replaced in mobile kitchen	6,000	
Tools	1,500	
Federal Indirects Assessment	2,692	
Subtotal		\$ 34,592

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Northwestern Land Office

Helicopter flight hrs county training	\$	9,000	
30 practice shelters		2,700	
County Co-op engine repairs		5,000	
Co-op engine complement		2,500	
PPE for Co-op firefighters		2,700	
Fire shelters for coop firefighters		4,100	
Fire shirts & pants for coop firefighters		1,000	
B_K handheld radios for Co-op firefighters		6,000	
Training materials for coop training		1,000	
Federal Indirects Assessment		2,870	
Subtotal			\$ 36,870

Southwestern Land Office

DNR 1612 chassis R&M	\$	2,500	
Paint DNR 1533		5,000	
Helicopter flight hrs county training		5,000	
Granite Co engine R&M		1,500	
Paint CLW tender		2,900	
Vehicle development for generator		5,500	
PPE for Powell Co firefighters		2,000	
County trainers		600	
DNR 1975 R&M		1,500	
BB4 pump for Lincoln VFD		2,000	
R&M on air ops tug		600	
R&M prison crew vehicles		1,000	
R&M kitchen		3,500	
Fire shelters for county VFDs		7,792	
Federal Indirects Assessment		3,493	
Subtotal			\$ 44,885

Fire & Aviation Burea

Painting of 3 large trucks (prison)	\$	9,000	
Federal Indirects Assessment		760	
Subtotal			\$ 9,760
Grand Total			\$ 250,000

**Department of Natural Resources and Conservation
Natural Resources and Transportation Subcommittee**

DNRC PROPRIETARY FUNDS

**AIR OPERATIONS PROGRAM
FUND 06538**

REVENUES	ACTUAL	BUDGETED	BUDGET REQUEST	
	FY12	FY13	FY14	FY15
Bell UH-1H	2,306,432	1,134,000	1,412,000	1,412,000
Bell Jet Rangers	163,137	184,275	229,450	229,450
Cessnas	67,785	99,225	123,550	123,550
Operating Transfers	1,336,352	1,331,665	1,323,797	1,317,694
Total	3,873,706	2,749,165	3,088,797	3,082,694
EXPENDITURES				
Personal Services	1,158,196	1,130,242	1,137,551	1,137,886
Operating	1,091,775	855,612	1,267,516	1,271,364
Equipment	-	2,632	-	-
Total	2,249,971	1,988,486	2,405,067	2,409,250

**CONSERVATION SEEDLING NURSERY
FUND 06003**

REVENUES	ACTUAL	BUDGETED	BUDGET REQUEST	
	FY12	FY13	FY14	FY15
Nursery Sales/Services	722,990	532,608	872,888	775,000
Misc. Income	7,643	7,505	4,000	4,000
Total	730,633	540,113	876,888	779,000
EXPENDITURES				
Personal Services	440,275	492,944	461,332	461,662
Operating	128,679	270,303	128,006	128,640
Equipment	7,500	26,500	57,500	57,500
Total	576,454	789,747	646,838	647,802

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DP35011

Forestry/TLMD Operating and Capital Adjustments

<u>EXPENDITURES</u>	<u>FY14</u>	<u>FY15</u>	<u>Bien</u>
Rent Increases (USF&G, CLO, NELO, SLO)	\$ 34,224	\$ 34,776	\$ 69,000
Janitorial Increases (USF&G, NWLO, CLO)	22,799	23,463	46,262
Contracted Services (CSKT protection)	33,333	33,333	66,666
Fire Engines Purchase and Development:			
• Operating (material costs)	43,266	43,266	86,532
• Equipment (Chassis)	45,854	45,854	91,708
Total	\$ 179,476	\$ 180,692	\$ 360,168
<u>FUNDING</u>	<u>FY14</u>	<u>FY15</u>	<u>Bien</u>
01100 General Fund	\$ 108,429	\$ 108,447	\$ 216,876
02039 Fire Protection Taxex	40,409	40,409	80,818
02938 Trust Land Administration	30,638	31,836	62,474
Total	\$ 179,476	\$ 180,692	\$ 360,168

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DP35012
FD Federal and State Special Authority

EXPENDITURES

	<u>FY14</u>	<u>FY15</u>	<u>Bien</u>
Slash Spending Authority (necessary for anticipated revenue)	\$50,000	\$50,000	\$ 100,000
Zook Approp (raising total authority from \$250k to \$300k)	51,481	51,307	102,788
Total	\$ 101,481	\$ 101,307	\$ 202,788

FUNDING

	<u>FY14</u>	<u>FY15</u>	<u>Bien</u>
02073 Slash Disposal	\$ 50,000	\$ 50,000	\$ 100,000
034XX Non-Consolidated Federal Funds	51,481	51,307	102,788
Total	\$ 101,481	\$ 101,307	\$ 202,788

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DP35011
Detail of Rent Increases on DNRC Leased Offices

LOCATION	LEASE EXP. DATE	BUDGET REQUEST ALLOC.			SQUARE FOOTAGE				RENT					
		FY14	FY15	BIEN	COMMENT	FY12	FY14/15	DIFF	Actual	Estimated	Estimated	Inc/(Decr)	Inc/(Decr)	
Central Land Office Rent-Dillon Unit	4/30/2015	1,040	1,067	2,107	Office, Shop, Storage & Maint. & Warehouse	11,213	11,213	-	20,017	20,875	20,875	858	858	
Central Land Office Rent-Conrad Unit	10/31/2013	328	337	665	Office Space Only	980	980	-	8,867	9,140	9,140	273	273	
Southern Land Office Rent-Billings Area Office	10/31/2013	2,456	2,456	4,912	Office, Shop & Storage	32,673	32,673	-	32,210	40,994	42,224	8,784	10,014	
Southern Land Office Sq. Ft. Increase (Estimated-in Negotiation)	12/31/2013	12,543	12,543	25,086	Office & Storage	-	966	966	1,390	8,338	8,588	6,949	7,199	
Northeastern Land Office Rent-Lewistown Area Office	12/31/2013	1,081	1,081	2,162	Curr Lease eff 1/1/2013-12/31/2013	2,343	2,343	-	31,170	28,598	29,589	(2,572)	(1,571)	
Northeastern Land Office Rent-Havre Unit	5/31/2014	772	772	1,544	Office & Storage	2,788	2,788	-	20,518	20,690	21,311	173	793	
Northeastern Land Office Sq. Ft. Increase-Havre Unit	9/30/2015	193	193	386	Sq. Ft. Inc of 722 (26% Inc)	-	722	722	430	5,171	5,326	4,741	4,896	
Northeastern Land Office Rent-Glasgow Unit	6/30/2016	13,997	14,513	28,510	Office Space Only	1,466	1,466	-	36,648	47,690	47,694	11,042	11,046	
DNRC Helena Headquarters Rent		34,224	34,776	69,000	Office Space Only	7,332	7,376	44	99,723	105,647	106,163	5,924	6,440	
									250,973	287,144	290,920	36,171	39,948	

=Represents Estimated Rent due to Expiration Date of Current Lease.

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AIR OPERATIONS PROGRAM
FUND 06538

FY	DOA Rent	
	Helena Hanger	
2009	\$	121,954
2010	\$	128,238
2011	\$	133,015
2012	\$	127,757
2013	\$	128,578
2014	\$	123,153
2015	\$	122,776

The building the Air Operations program is currently renting was donated by the Department of Defense to the State of Montana in 1997. The DNRC Air Operation program began renting the building in the same year.

NOTE: In FY12, the Department of Health & Human Services rent for their portion in the same building was \$29,076 per year.

DNRC Easements issued under the Historic ROW Program

	ROW'S ISSUED	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
HISTORIC COUNTY ROADS													
Beaverhead	481												
Broadwater	60								60				
Carter	1							1					
Cascade	29	1	14	14									13
Dawson	13										7	13	20
Fallon	40					69	6						
Flathead	75					1		1					
Golden Valley	2										9		
Lewis & Clark	9												1
Pondera	1			1									
Prairie	50					4		18		21	1	1	5
Richland	79							20	59				
Teton	2									2			
Valley	84									2	81	1	
Yellowstone	35							1			34		

HISTORIC PRIVATE ROADS	213			10	18	29	27	14	33	12	28	29	13
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HISTORIC UTILITIES	2,023			299	239	254	354	266	204	144	72	174	17
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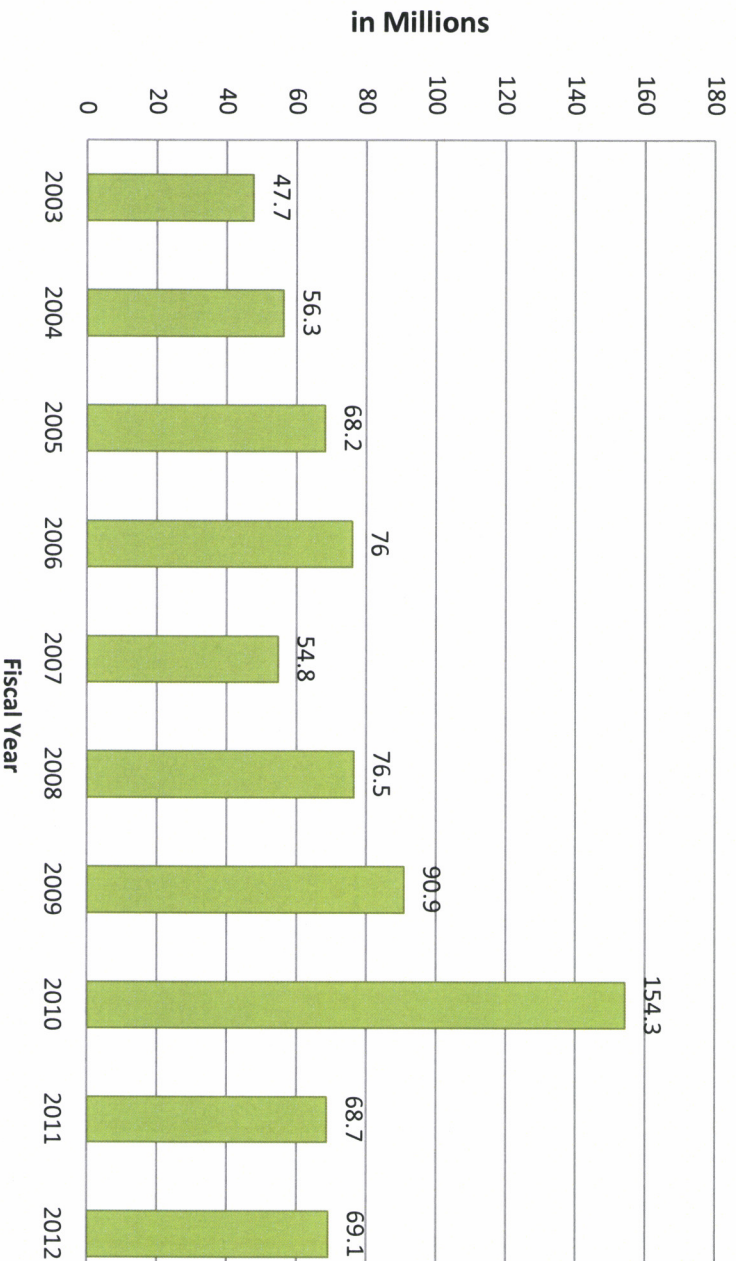
TOTALS	2,717	1	14	324	326	294	381	321	356	181	232	218	69
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*NOTE: The Department has been working with Lewis & Clark, Musselshell, Stillwater, Sweet Grass and Roosevelt Counties to perfect their county roads by 2015. In addition, Northwestern Energy is now in the process of inventorying their utility lines that are in trespass on State Trust lands.

DNRC – Trust Lands Management Division



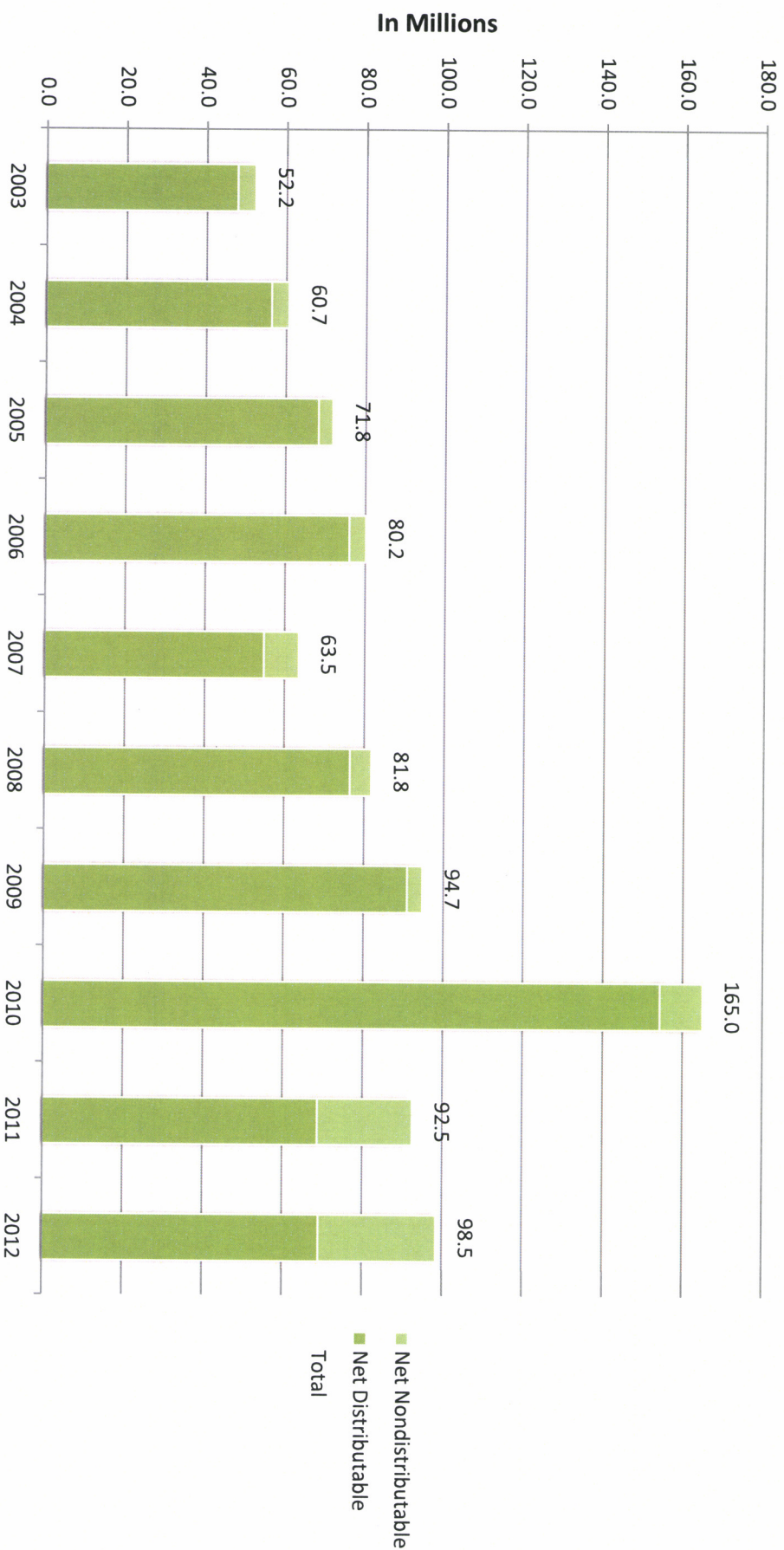
Net Distributable Revenues - All Trusts



* FY 2010 includes the Otter Creek bonus payment of \$85.9 million

DNRC – Trust Lands Management Division

Net Distributable and Nondistributable Revenues All Trusts



FY 2010 includes the Otter Creek bonus payment of \$85.9 million

**DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION**



BRIAN SCHWEITZER, GOVERNOR

1625 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-2074
FAX: (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

DATE: January 25, 2013

TO: Candace Durran

FROM: Joe Lamson, DNRC Deputy Director

A handwritten signature in cursive script, appearing to read "Joe Lamson".

RE: **Land Board Use of Contingent Approvals**

In meeting its fiduciary duty to manage school trust lands for current and future generations of beneficiaries, the State Land Board uses a variety practices in the management and disposal of state resources.

The attached chart is sampling of Land Board actions granting approval contingent upon other conditions being met. Contingent approval has been used by the Land Board in a number of circumstances involving land acquisitions and sales, coal leasing, pipeline easements, and road right of way easements.

Sampling of Contingency Approvals by the Land Board for DNRC and Other Agencies

11/19/12	FWP	Milk River Ranch land acquisition	Land Board approval contingent upon final approval by FWP commission
6/21/10	FWP	Foy Lake land exchange	Land Board approval contingent upon final approval by FWP commission
7/16/07	FWP	Acquisition of a house at Fort Peck for security personnel	Land Board approval contingent upon final approval by FWP commission
8/16/10	DNRC	FWP Spotted Dog	Land Board approval was contingent upon FWP receiving NRDP funding
3/18/10	DNRC	Otter Creek coal leas	Actual mining of leases is contingent upon DEQ regulatory requirements and final Land Board approval
12/17/12	DNRC	Keystone Pipeline Easements	Issuance of actual easements is contingent upon granting of the Presidential approval of the actual pipeline.
1/16/07	DNRC	Tongue River Ranch acquisition	Final approval contingent upon all lawful public access being obtained by the current owner
6/20/11	DNRC	CSKT/DNRC land exchange	Final approval contingent upon CSKT securing lawful access to a parcel currently lacking access.
12/19/05	DOC	DOC land transfer to Jefferson County	Approval contingent upon Jefferson County partnering with an appropriate non-profit and successfully obtaining a bid for corrections for one of the RFPs for the community corrections program
4/16/07	DMA	Transfer of Glendive Armory from DMA to Dawson County	Land Board approval contingent upon no significant public concerns during the rest of the public comment period .
8/21/06	DNRC	Historic road easement	Want to reduce width of road—Land Board approval of easement/cost contingent upon final confirmation of the reduced footage
9/10/11	DNRC	Road easement	Already have legal access, so approval is contingent upon termination of the existing easement to the property